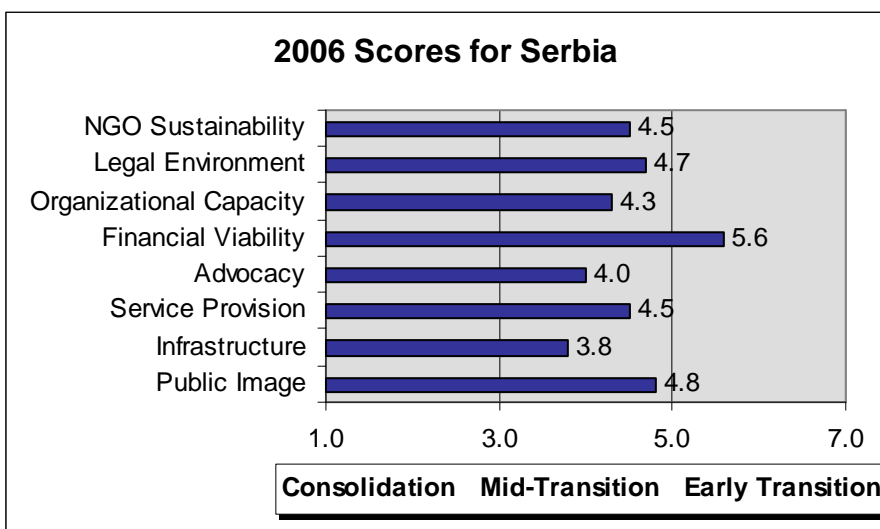


Serbia



Capital: Belgrade

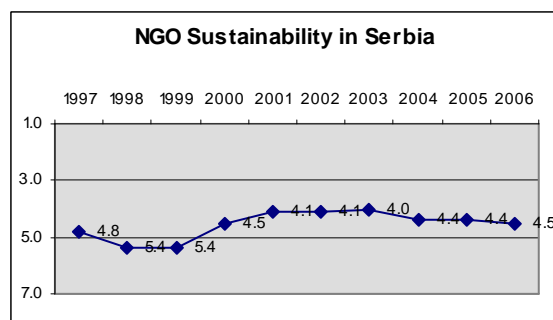
Polity: Republic

Population:
9,396,411

**GDP per capita
(PPP):** \$4,400

NGO SUSTAINABILITY: 4.5

The 2006 NGO Sustainability Index panel was convened during a particularly challenging period for civil society. Since the ousting of Slobodan Milosevic in 2000, the government had promised a new constitution, and until recently had made little progress.



This past summer, two representatives, one from each of the two leading democratically oriented political parties, drafted a new constitution behind closed doors, with input from a third, anti-reformist party. The draft was quickly passed by Parliament during a late-

night, special weekend session in October; most members did not have the chance to see the draft, much less the opportunity to debate its contents. The new constitution was adopted at the end of October during a rare two-day public referendum, with the political parties leading a strong campaign to ensure its ratification.

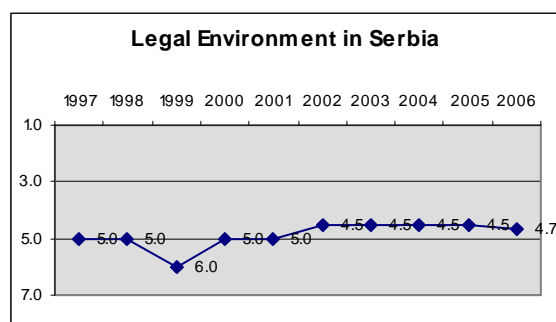
Members of Serbia's NGO community were among the few to speak out against the process and the lack of consultation or public debate. Some also questioned specific provisions, such as a preamble reaffirming the UN-administered province of Kosovo as Serbian territory. The media generally dismissed opponents of the new constitution, while the government branded them as traitors. With parliamentary elections scheduled for January 2007, and a proposal on the final status of Kosovo expected soon after, at the end of 2006, Serbian civil society found little reason to be optimistic about its role in shaping the country's future.

LEGAL ENVIRONMENT: 4.7

The legal environment did not improve in 2006, despite expectations that the long over-due Law

on Associations would be passed early in the year. Though the law finally reached the parliament for committee discussion over the

summer, it was sidelined by the drafting and adopting of the new constitution. Stakeholders, anticipating passage of the law after many delays, expressed great disappointment at having to wait another year, and fear that electing a new government may result in their having to start the drafting process over again. As Serbia is expected to hold elections for all levels of government in 2007, it is unlikely that any new law would be passed until well into the year, following formation of the new government and the handling of other priorities, such as negotiations on the status of Kosovo and the desire to re-start stabilization and association talks with the European Union. Stakeholders, anticipating passage of the law after many delays, expressed great disappointment at having to wait another year.



Currently, NGOs are governed by the 1990 Federal Law on Associations, the 1982 Serbian Law on Associations, and the 1989 Serbian Law on Foundations. Though the independence of Montenegro in May 2006 and the dissolution of the State Union of Serbia and Montenegro should have rendered the Federal Law obsolete, it remains in effect; NGOs prefer its more liberal registration process to the more restrictive procedures in the Serbian laws. NGOs in the northern province of Vojvodina may choose to register under that province's

ORGANIZATIONAL CAPACITY: 4.3

Some NGOs are taking steps to build constituencies, though their success has been limited. Most organizations remain donor-driven; even the more well-established organizations compete for funding in areas in

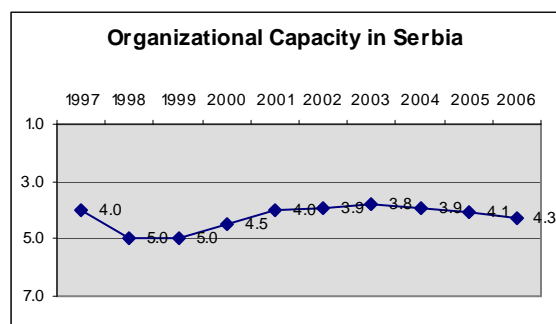
registration laws, which are also more favorable. The status of foreign NGOs remains insecure unless they are covered by a bilateral assistance agreement.

The legal framework generally exempts NGOs from taxation on income up to approximately US \$5000. NGOs may register as corporations if they wish to earn additional income, and anecdotal evidence suggests that some of the large organizations are in fact doing so. The law provides some discretion for distinguishing between gifts, which are subject to taxation, and donations, which ought to be exempt. Amendments to the Law on Property Taxes, enacted in 2004, imposed a 5% tax on gifts to all NGOs, except for foundations. The tax authority appears to have only begun enforcing the tax this year, and has requested that a number of organizations pay taxes on all of the gifts they have received since 2004. Some organizations report that the tax authorities are also requesting that they pay taxes on their donations. The legal framework provides few incentives to promote local philanthropy, though the issue is gaining attention.

The process by which the new constitution was drafted and adopted is a reflection of the difficulties NGOs face in their efforts to address matters of public concern. The government generally discourages NGOs from expressing criticism, and ministries that cooperate with NGOs are often reprimanded. NGOs report isolated instances of wiretapping and monitoring their email and internet use, though it does not appear to be widespread. There are a handful of lawyers with expertise in NGO legal issues; Serbia, however, lacks a systematic infrastructure to provide NGOs with legal assistance.

which they have no experience. The undefined legal status of volunteers continues to discourage NGOs from using them. The current framework implies that volunteers must receive the same social benefits as paid employees. Efforts to promote a new law on

volunteerism seek to encourage greater participation. The legal framework does not require organizations to have boards of directors, which are uncommon. A recent study suggests that most boards of directors only execute pro-forma decisions.



Funding trends are impacting the ability of NGO to maintain a permanent staff. Many trained personnel are moving to the public sector, where jobs are more stable, or the private sector, which provides better salaries. Some NGO experts note that organizations in Belgrade are shrinking, as members of their staffs take positions in government institutions

FINANCIAL VIABILITY: 5.6

NGO experts consider the Financial Viability dimension to be the weakest for civil society's transition. NGOs are unable to secure sufficient local funding, though some experts hope this will improve with privatization, an increase in foreign investment, and a greater sense of corporate social responsibility. As it is, support from the business sector remains small and government contracts few.

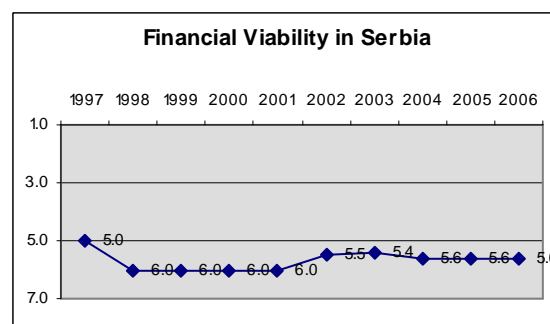
The lack of domestic support has left NGOs dependent on foreign funding, though access is increasingly more difficult. While the limited core of remaining donors is considered loyal, their budgets are shrinking every year. A recent study found that more than 60% of all organizations lack funding for the current year.

NGO experts doubt that the financial situation will improve in the near future, citing experiences in Poland, the Czech Republic, and

or international organizations. This raises questions about how NGOs may be able to reverse the trend and attract qualified workers from other sectors. Other NGO experts argue that former NGO employees that now work in the government or business sectors may bring an understanding of the importance of civil society to their new positions. Even as NGOs lose employees, they lack the policies and capacity to transition in or provide even basic training for replacements, resulting in a sector-wide inability to transfer knowledge and develop needed skills for new employees.

Though donors no longer provide funding for basic commodities, NGOs are still in need of office equipment, particularly as their old, donated computers become outdated. Legal software is expensive for NGOs, more so for large organizations that must buy software packages for each computer. Small organizations outside of the capital lack consistent, reliable access to technologies such as the internet and email.

Hungary, where NGOs have had little success in accessing European funding. These experts believe that the support from the European Union focuses on state institutions and only includes civil society when it cooperates with the public sector.



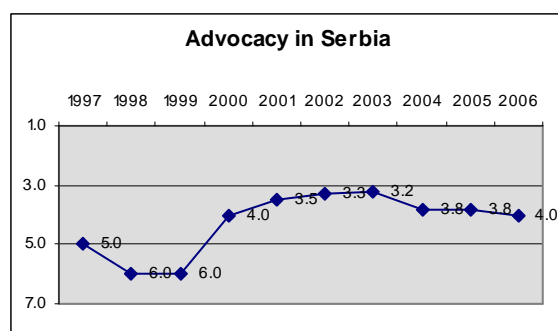
The government does not have a strategy for supporting civil society; nor is the government able to reach a consensus over the need to support NGOs or the benefits in doing so.

NGO representatives perceive the process for accessing government tenders as too complicated for all but a few organizations. The recent national investment plan did not include NGOs among the beneficiaries of income from

the privatization of state property, and the government did not respond to calls for creating an NGO endowment fund from the proceeds.

ADVOCACY: 4.0

NGOs do not have a formal or institutional mechanism to facilitate communication with the government. Some government officials have contact with NGOs, but these contacts are generally personal connections and limited to individual organizations. Funding requirements from European donors creates some pressure for the government to develop joint projects with NGOs. The creation and implementation of the Poverty Reduction Strategy, housed under the Deputy Prime Minister's office, is a prominent example of cooperation between the government and civil society.



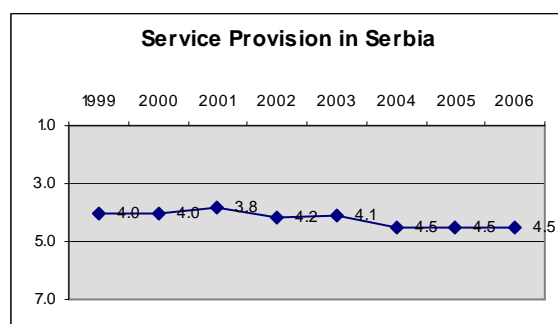
NGOs have formed a number of small coalitions around specific issues such as the Law

on Associations and opposition to the constitutional process. Representatives from civil society have felt excluded from discussions on other key issues, such as the independence of Montenegro or the future status of Kosovo.

These examples suggest that the exclusion may be the result of a closed government more than the consequence of an underdeveloped sector. Others, however, question the effectiveness of NGO efforts, which are often limited to press releases and roundtable discussions.

NGOs have had some successful advocacy efforts in areas such as disability, Roma issues, conscientious objection, and access to information. NGOs have also had success in developing cooperative relationships with a small number of government officials such as the Vojvodina Ombudsman and the Commissioner for Information of Public Importance. NGO experts state that the last minute inclusion of data protection in the new constitution is the result of a joint effort between the Commissioner and a coalition of NGOs led by the Fund for Open Society.

SERVICE PROVISION: 4.5



There are relatively few prominent NGOs that provide services. Most remain unable to charge beneficiaries for the services they provide. The Social Innovation Fund is the only major source of support for NGO service providers in Serbia. The program is implemented by the Serbian Ministry of Labor, Employment and Social Policy in cooperation with the UNDP, with support from the European Agency for Reconstruction and the governments of Norway and Great Britain. While government ministries, such as the Ministry of Education, may offer other

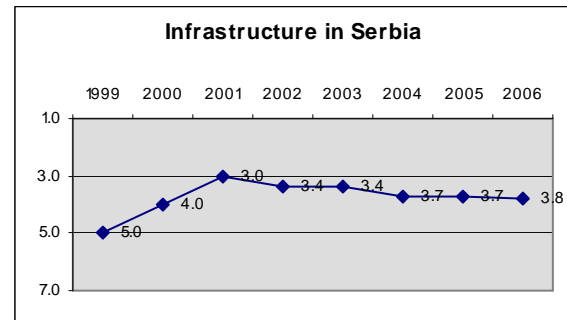
opportunities for supporting NGO service providers, the government does not have a systematic approach for such support. Government officials often perceive NGOs as uncooperative and unproductive, which may

contribute to their reluctance to pursue this option. Officials at the local level are more likely to understand the value of NGO service providers.

INFRASTRUCTURE: 3.8

There are no standard training programs, certification classes, or other advanced continuing educational opportunities currently available to NGOs staff and activists. Serbia has knowledgeable and capable trainers but they lack the funding to provide services.

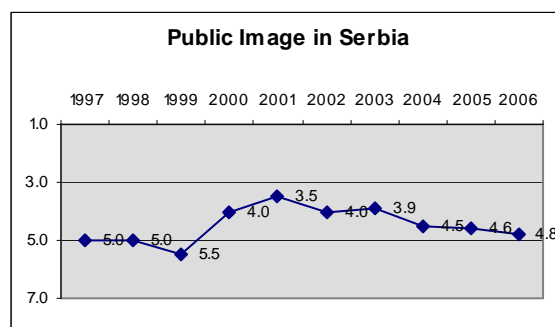
Networking generally remains limited to informal, ad hoc initiatives to address pressing or immediate problems, rather than sustained, coalition-building efforts on long-term issues. While partnerships within the sector appear to be improving, NGOs have been less successful with other sectors, such as the government or media, in achieving common goals.



A Responsible Business Initiative, led by the organization Smart Kolektiv, is promoting corporate social responsibility in Serbia. The Balkan Community Initiatives Fund is similarly encouraging local philanthropy. The Federation of NGOs in Serbia (FENS) continues to be the largest coalition in the country.

PUBLIC IMAGE: 4.8

The NGO sector's public image is shaped primarily by a small number of NGOs known for their outspoken positions on human rights, war crimes, and other related issues. Denunciation of these organizations and their female leaders by government officials and the media makes it easy to portray all NGOs as anti-government and serving foreign interests.



NGO experts assert that the government-aligned media fail to cover NGO criticism of the government, and that many private media report on NGOs only if they can portray them in a negative light. Often times, the media ignores NGO activities because they do not perceive them to be newsworthy. Local media, however, appear to be more open to covering local organizations and their activities. Some members of the local media have partnered with NGOs to submit requests for information to government entities under the country's free access to information laws.

Though the NGO sector has yet to adopt a code of ethics, organizations are moving towards greater transparency, and more are publishing their annual reports.